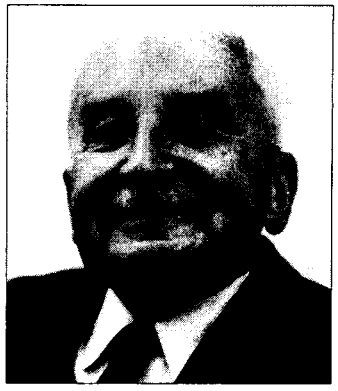
The Mises Review



VOLUME 3 NUMBER 2 SUMMER 1997

The Jefferson Revisionism Hoax

THE LONG AFFAIR: THOMAS JEFFERSON AND THE FRENCH REVOLUTION, 1785–1800
Conor Cruise O'Brien
University of Chicago Press, 1996, xvii + 367 pgs.

Conor Cruise O'Brien lets the mask drop on p. 274 of his deplorable new book. Praising another writer on Jefferson, O'Brien remarks: "What is most impressive in Miller's book to my mind is his intuitive capacity to penetrate through Jefferson's verbiage into Jefferson's mind. This is the kind of capacity that tends to be held in low esteem by academic historians and indeed there are obvious reasons for a degree of skepticism concerning such a capacity" (p. 274).

Our author here perfectly epitomizes his own method. In this long tirade against Thomas Jefferson, O'Brien follows a simple course. He first dredges up a passage from Jefferson that he believes suitable for his intuitive powers. Disregarding what the text says, he enters Jefferson's mind. Not content with enjoying his mystic powers, O'Brien feels impelled to communicate

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his findings to those less psychically gifted than he.

To what end? Jefferson must be expelled from the pantheon of the American civil religion. O'Brien's indictment is twofold: Jefferson defended uncritically the French Revolution, down to its bloodiest atrocities; and he held racist views about blacks. The multicultural society of today cannot tolerate so brazen a miscreant. Away with him!

Before we consider O'Brien's case in detail, a preliminary question confronts us. Why must we have a civil religion at all? As O'Brien rightly notes, the phrase "civil religion" stems from Rousseau. In his opinion, Christianity had wrongly diverted men from politics to pursuit of salvation in another world. Additionally, conflicting sects threaten the state with disorder. To avert this danger, and to restore the civic virtue of old Rome, citizens must profess common articles of belief that promote the good of the state.

The Mises Review

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This bizarre view is utterly alien to the American political tradition, whatever Robert Bellah and similar worthies may assure us. The First Amendment forbids a national establishment of religion; surely this applies to Rousseau's witch's brew as well as to the more conventional faiths.

For O'Brien this seeming commonplace is false. He assumes without argument that we have, and must have, a civil religion. In a way that our author neglects to specify, we need this for a cohesive society. "Among the sacred beliefs, a cult of liberty has been important from very early on.... In the American civil religion, liberty, nationalism, and faith are fused" (p. 301). Oddly, O'Brien at one point condemns Jefferson for allegedly adopting the slogan "forced to be free" from Rousseau; but it is O'Brien himself who has been intoxicated by Rousseau's fantasies. So far as civil religion is concerned, a profession of atheism is in order.

If we reject civil religion, the question of Jefferson's place in that concoction loses its importance. Nevertheless, O'Brien's book merits attention, since his bill of indictment can easily be translated into secular terms. Jefferson is a much admired figure: does he deserve to be?

The chief exhibit in O'Brien's case that Jefferson fanatically supported French Revolutionary atrocities is a letter written by Jefferson to William Short, the American *Chargé d'Affaires* at Paris. The missive in question is the famous "Adam and Eve" letter of January 3, 1793. In it, Jefferson rejects Short's criticism of the French revolutionaries for their numerous executions:

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"In the struggle which was necessary, many guilty persons fell without the forms of trial, and with them some innocent. These I deplore as much as any body, and shall deplore some of them to the day of my death." But the "liberty of the whole earth was depending on the issue of the contest, and was ever such a prize won with so little innocent blood? My own affections have been deeply wounded by some of the martyrs to this cause, but rather than it should have failed, I would have seen half of the earth desolated. Were there but an Adam and an Eve left in every country, and left free, it would be better than it now is" (p. 145, quoting Jefferson).

It is not Jefferson, but O'Brien, who is here dominated by an *idée fixe*.

If Jefferson's letter is taken literally, O'Brien would have a point. Is it not the very midsummer of madness to endorse the revolution at the cost of depopulating the world? But Jefferson often wrote in purple prose, and surely he cannot be taken literally. The letter was written well before the Reign of Terror, usually dated from the onset of the second Committee of Public Safety in July, 1793; and it displays considerable unease over the executions that had then already taken place. O'Brien himself admits that Jefferson condemned "the atrocities of Robespierre" in a later letter (p. 310).

O'Brien of course rejects my contention. The Adam-and-Eve letter *should* be taken literally. Why? Because another document, Jefferson's notes of a conversation with George Washington, reveals his total commitment to the revolutionary cause. Unfortunately for O'Brien's argument, he completely misconstrues this document.

According to O'Brien, Jefferson's phrase "the very doctrine that had been my polar star" is "illuminating." "It is clear," writes O'Brien, "that Jefferson regarded as meritorious the fixity of his doctrinal attitude to the French Revolution, irrespective of what might be happening in and around France and as a metaphorical instrument for conferring grandeur on an *idée fixe*, there is nothing to beat the polar star" (p. 144).

It is not Jefferson, but O'Brien, who is here dominated by an *idée fixe*. As the context of the notes makes unmistakable, the "polar star" is the view that France is an effective American ally: the phrase has nothing to do with revolutionary doctrine.

Jefferson writes that Washington "went into the circumstances of dissatisfaction between Spain, Gr. Brit. and us, and observed that there was no nation on whom we could rely at all times but France." Jefferson is "much pleased with the tone of these observations. It was the very doctrine which had been my polar star" (p. 144, quoting Jefferson).

Remember, it is Washington to whom Jefferson ascribes these remarks. O'Brien's interpretation of "polar star" nonsensically requires that *Washington*

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be a fanatical partisan of French revolutionary ideology.

This, I regret to say, is not the only instance of O'Brien's ineptitude. Let us return to the Adam-and-Eve letter. Please note carefully what O'Brien places in brackets in this citation from the letter: "The Jacobins saw this, and expunging that officer [in English, executing the King] was of absolute necessity" (p. 145).

I fear that our author has neglected to note the date, January 3, 1793, of Jefferson's letter. The King was not executed until January 21. And in any case news in those days did not travel fast. Had O'Brien read the letter with focused attention, he would have seen that the sentence he wrongly construes refers to abolition of the monarchy, not the King's execution. "The Jacobins...tried the experiment of retaining their hereditary Executive. The experiment failed completely," then follows the sentence quoted earlier. (p. 145).

When our author is in hot pursuit of his quarry, the conventions of scholarly discourse depart. He states: "Jefferson is a prophet, but not in the predictive sense of that term. He is a prophet in the spiritual sense, a being whose imagination is ablaze with a vision. Specifically, he is the author of the American Holy Book, the Declaration of Independence. He sees his own life as dedicated to what the Declaration calls 'the holy cause of freedom'" (p. 66).

An eloquent passage, if a bit perfervid in rhetoric; but this "quotation" from the Declaration does not appear there, but comes from a speech 14 years later. This will not do.

Let us return once more to Adam and Eve. O'Brien's attempt to shore up his interpretation of the letter by the "polar star" conversation fails utterly, as we have seen. But how does he deal with counterevidence? Why, by his intuitive power to enter Jefferson's mind, of course.

There is no need for textual evidence, when that great mentalist the Amazing Conor is at work.

Did Jefferson condemn the "atrocities of Robespierre?" Yes, writes O'Brien, but what Jefferson meant was that the revolutionaries emancipated the slaves. "The emancipating Act of February 1794 was probably not the least of 'the atrocities of Robespierre' in the eyes of Virginia slaveowners, including Thomas Jefferson" (p. 312). There is no need for textual evidence, when that great mentalist the Amazing Conor is at work.

O'Brien's argument now takes a surprising turn. He has so far condemned Jefferson as an ideologue, a precursor of totalitarian terror, for his favorable remarks about the French Revolution. But Jefferson *did* at some point in 1794-95 abate in his enthusiasm for the revolution, as our author readily acknowledges. Should he now receive credit for acquiring, however belatedly, a little of the wisdom of O'Brien's hero, Edmund Burke?

Not at all. For O'Brien, Jefferson cannot win. As I have suggested already,

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our author thinks that for Jefferson, the preservation of slavery outweighed zeal for revolution. Jefferson was, first and foremost, a Virginia planter. "He continued to speak of Virginia as 'my country' even when he was representing the United States abroad. Nor was this an isolated trick of speech. The United States was not an object that engaged his emotions; Virginia was" (p. 304).

If Jefferson admires the French Revolution, O'Brien condemns him as ideologue; if he prefers the values of his local culture to the revolutionary ones, O'Brien denounces him as a hidebound provincial. O'Brien fails to see that to reject ideology characteristically leads to the embrace of tradition. Does O'Brien have some third alternative in mind? He neglects to tell us what it is.

Jefferson's opinions of blacks did not differ from those of Hume and Kant.

No doubt O'Brien would respond in this way. Even if most opposition to the French Revolution came from traditionalists, not all traditions are good. In particular, Jefferson's Virginia was a slaveholding society, and Jefferson entertained a low view of blacks. In his *Notes on the State of Virginia*, he questioned the intellectual capacity of blacks; and he did not think that free blacks could live side-by-side with whites.

But to condemn Jefferson for these views is anachronistic. His opinions of blacks did not differ from those of Hume and Kant. Should these philosophers join the author of the Declaration of Independence in O'Brien's Book of Heroes With Feet of Clay? In September 1858, a well-known American politician declared: "There is a physical difference between the white and black races which I believe will forever forbid the two races living on terms of social and political equality." The author of these sentiments was Abraham Lincoln. Does he too have to go?

To list O'Brien's misunderstandings in extensive detail threatens tedium. I shall thus conclude with only two more howlers. He cites this passage from Jefferson: "I do not indeed wish to see any nation have a form of government forced upon them; but if it is to be done, I should rejoice at its being a free one" (p. 12). About this, O'Brien observes: "The basic concept here is taken from *Du contract social* and is the most audacious of Rousseau's paradoxes: the notion that people may be 'forced to be free'" (p. 12).

What Jefferson says has nothing to do with Rousseau. According to Rousseau, those not in accord with the general will are forced to be free by acting as it dictates, since by definition the general will realizes freedom. What has this murky metaphysics to do with Jefferson's commonsense point that a free government is better than an unfree one? Jefferson does *not* say that free governments should be forced on unwilling people; has O'Brien read the first sentence of the passage he cites?

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Even worse is O'Brien's explanation of Jefferson's failure to meet his young daughter, Polly, in London in 1787. Jefferson, then the American Minister in France, sent someone else to bring her to Paris. Our author comes up with a characteristically fatuous explanation for Jefferson's behavior.

Polly was accompanied by a teenage slave girl who was a half-sister of Jefferson's wife. Had Jefferson gone to London, he would have had to meet John Adams, the American Minister, and his wife Abigail. "New Englanders were aware in general that such relations between families of masters and slaves [as that between Jefferson's father-in-law and the slave girl] were not uncommon in the South." But Abigail Adams "detested such arrangements." So it is understandable that Jefferson "did not want to meet Abigail in the presence of his daughter, and of the young slave who was Polly's aunt" (p. 24).

Once again the mind of our mystic is at work. His account of Jefferson's thought is pure conjecture, and he presents not the slightest evidence in its support. How, by the way, was Abigail Adams supposed to know the slave girl's ancestry?

I once asked my great teacher, Walter Starkie, what he thought of O'Brien. He replied: "I found him a rather self-opinionated young man when he was a pupil of mine." After a long career, O'Brien has wound up a self-opinionated old man. Such is progress. ✦

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Charmed Into Bloodshed

SELLING WAR: THE BRITISH PROPAGANDA CAMPAIGN AGAINST AMERICAN "NEUTRALITY" IN WORLD WAR II
Nicholas John Cull
Oxford University Press, 1995, xv + 276 pgs.

Great Britain learned an important lesson from World War I. American entry into that war in 1917 proved decisive. The American Expeditionary Force helped bring the long military stalemate on the Western Front to an end; and even before America's declaration of war, Britain and her allies would have been in a hopeless position without American loans and sales of arms.

American entry into the war did not come about by accident. Quite the contrary, an extraordinary propaganda campaign by the British moved America from "neutral in thought, word, and deed" to armed intervention. The increasingly tense European diplomatic situation in 1938, culminating in the German invasion of Poland on September 1, 1939, and the British and French declarations of war on Germany on September 3, led the British government to attempt to repeat its World War I strategy.

America had to be brought into the new war, and propaganda was a vital weapon in this task. This British propaganda campaign is described in

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careful detail by Nicholas John Cull; his book, based on extensive archival research and personal interviews, is a major contribution.

The British faced a formidable obstacle in their attempt to draw the United States into the war. During the 1920s, most Americans came to believe that United States entry into the First World War had been a disaster. The historical revisionists, such as Sidney Fay and Harry Elmer Barnes, challenged the official accounts of the war by "court historians." Of particular relevance here, detailed studies exposed the British propaganda efforts. Cull emphasizes Walter Millis's 1935 study *Road to War* in this connection. Millis's "findings sparked a surge of anglophobia and paranoia" (p. 9).

Isolationists, including Senators Nye and Borah and the great aviator Charles Lindbergh, did not hesitate to warn of British wiles.

This time, the opponents of war were prepared for the British campaign, making their task all the more difficult. Isolationists, including Senators Nye and Borah and the great aviator Charles Lindbergh, did not hesitate to warn of British wiles.

Here, Cull might have made more use of an important book published in 1937. Cull does mention the work in question. "The American isolationists pressed their attack by once again raising the hue and cry against British propaganda. Senators William E. Borah and Gerald P. Nye seized on a British study titled *Propaganda in the Next War*, by British public relations expert Sidney Rogerson, as evidence of 'a basic plan to involve us in the next war'" (p. 29).

Unfortunately, though, Cull does not discuss the book's contents. It suggested that America might be drawn into a future European war by the "back door" of a conflict in the Far East. Surely this was a detail worth mentioning, at least as important as Lord Halifax's distaste for hotdogs (p. 134).

Before 1940, British propaganda was according to our author not very effective: the British Library of Information in New York, whose activities Cull covers thoroughly, spent much time in futile conflicts of jurisdiction with other agencies. Cull attaches much of the blame for this state of affairs on the government of Neville Chamberlain, of whom he is decidedly no admirer. He holds the conventional view of Chamberlain as an appeaser of Hitler, reluctantly dragged into war. As such, he and his officials were halfhearted in their propaganda efforts.

Cull, it seems to me, radically underestimates the aggressiveness of the Chamberlain government. The Foreign Secretary, Lord Halifax, was in particular no Milquetoast trembling before the Führer. From October, 1938, he dominated foreign policy decisions and

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he actively pursued a militant anti-German policy.

Though Cull has no use for Chamberlain, he does celebrate one hero who served this regime: the British Ambassador to Washington, Lord Lothian. He finds that Lothian was an excellent propagandist, especially skilled at cultivating important American politicians. "Lord Lothian was a master of the American scene. Always accessible and disarmingly frank, he charmed the press corps" (p. 57). Of especial importance as a source on Lothian's activities is the contemporary newsletter of the American isolationist Porter Sargent, later published as the book *Getting US Into War*. Cull cites this but ought to have made more use of it.

Propaganda was by no means confined to official spokesmen. The British government carefully cultivated such journalists as Edward R. Murrow.

After the German invasion of Norway in May 1940, Chamberlain's government collapsed; and Winston Churchill was appointed Prime Minister. For Cull, this is of decisive significance for British propaganda. "Churchill's accession to power proved to be a watershed event in Anglo-American relations. His coalition Cabinet brought several key figures of the prewar Anglo-American bloc back into power.... Given Churchill's own commitment to the 'English-speaking peoples,' the reshuffle sounded a death knell for the reticence that had marked Chamberlain's dealings with the United States" (p. 68).

Cull covers extensively the principal British officials engaged in war propaganda in the United States; and the reader will make the acquaintance of such figures as Sir John Wheeler-Bennett, an independently wealthy scholar attached to the British Library of Information.

But propaganda was by no means confined to official spokesmen. The British government carefully cultivated such journalists as Edward R. Murrow, whose broadcasts during the Blitz became legendary. "Meanwhile, at the Ministry of Economic Warfare, the press officer David Bowes-Lyon charmed the Americans, which was no easy task considering that he had to explain such matters as the blockade. His popularity owed something to his family connections. King George's wife, Queen Elizabeth, was his sister; and favored correspondents were invited to take tea with her at Buckingham Palace" (p. 87).

Cultivation of the journalistic elite of course did not preclude direct appeal to the American masses, and here Hollywood played a decisive role. "In the late autumn of 1940, the Films Division [of the Ministry of Information] dispatched the distinguished British film executive A.W. Jarratt to develop the necessary

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links with the studios" (p. 87). At a dinner with the leading Hollywood producers, Jarratt received pledges of support. The author offers a characteristically detailed account of their efforts to fulfill these pledges.

Cull's book poses a formidable challenge to reviewers. It is a detailed narrative rather than an analytical study, and only a few of the many incidents it discusses can be mentioned here. One incident, though, cannot be omitted, as it brings together several key themes of the book. "On October 27, 1941, during his Navy Day speech, [President Franklin] Roosevelt made an astonishing claim: 'I have in my possession a secret map, made in Germany by Hitler's government, by planners of the new world order. It is a map of South America and part of Central America, as Hitler proposes to organize it'" (p. 170).

In fact, the map was a crude forgery; and although Cull does not establish its origins with certainty, William Stephenson, notorious for his "dirty tricks" as the head of British Security Coordination in New York, bears primary responsibility for its dissemination. "Whatever the exact origin of the map, the most striking feature of the episode was the complicity of the President of the United States in perpetrating the fraud" (p. 172).

American popular sentiment in 1940 strongly opposed entry into the European War; and Roosevelt's pledge, "Your boys are not going to be sent into any foreign wars, except in case of attack" helped him win an unprecedented third term. But the combination of the British propaganda machine with an American President set on undermining neutrality proved too difficult for the isolationists to overcome.

Cull's study, though written from what D.C. Watt has called a "triumphalist" perspective on British propaganda, provides a great deal of information to those who seek to avoid future foreign entanglements. *Selling War* gives ample, if unintended support for the judgment of the great diplomatic historian Charles Callan Tansill: "The main objective of American foreign policy since 1900 has been the preservation of the British Empire" (*Back Door to War* [Chicago University Press, 1952], p. 3).✦

The Hayekian Cul-de-sac

HAYEK AND AFTER: HAYEKIAN LIBERALISM AS A RESEARCH PROGRAMME
Jeremy Shearmur
Routledge, 1996, x + 257 pgs.

In this outstanding book, Jeremy Shearmur approaches the thought of Friedrich Hayek from an original angle. Debates in political theory often bog down because of incompatible assumptions. If you do not find plausible the egalitarian premises of John Rawls's *A Theory of Justice*, you are liable to think the book a failure. Similarly, many reject libertarian arguments because they find unacceptable the initial axiom of self-ownership. Can this impasse be escaped?

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Shearmur suggests a way out. For many years, our author served as a research assistant to the philosopher of science Karl Popper, and he has studied closely the "methodology of scientific research programs" developed by Popper's onetime colleague (and later antagonist) Imre Lakatos.

From these thinkers, Shearmur has learned a historical method of evaluating a theorist's work. One starts by depicting the problem that the theorist faced. How well did he solve the difficulties he set himself? Do his theories generate new problems that in turn are dealt with fruitfully? If so, the research program is progressive; if not, it must be judged a failure.

Judged on its own terms, Shearmur's program seems promising; and he applies it to Hayek with illuminating results.

"Progress" and "regress" are hardly neutral terms, so the approach sketched does not altogether avoid the problem of conflict among value judgments. But, judged on its own terms, Shearmur's program seems promising; and he applies it to Hayek with illuminating results.

What then, is the fundamental task Hayek set himself as a political theorist? According to Shearmur, Hayek began as a socialist, and throughout his life retained much sympathy for socialist values. His dedication of *The Road to Serfdom* to "the socialists of all parties" by no means was insincere. But he came to believe that the ends of socialism could not be realized by socialist means, and he deemed it his duty to convey this view to a wide public.

Why does socialism inevitably fail to achieve the ends of prosperity, justice, and happiness it professes? One answer will come as no surprise to readers of *The Mises Review*: calculation is not possible in a socialist economy. Ludwig von Mises's argument to this effect overthrew Hayek's own commitment to socialism; and Hayek developed the argument in his own work. After he became aware of Mises's argument, Hayek saw "market prices, and decisions taken upon them" as "an essential rather than an accidental feature of societies such as those in which we live" (p. 34).

Hayek saw that an analogous argument could be extended to the political sphere. Just as the socialist planner has no means to measure economic projects on a common monetary scale to judge their efficiency, the planner cannot combine the conflicting preferences of individuals into a coherent set of goals. "Hayek argued that a planning authority will need to make decisions among various alternative ways in which resources could be utilized, and he claims that 'there are within wide limits no grounds on which one person could convince another that one decision is more reasonable than the other'" (p. 61).

What then can the planner do? He can of course attempt to impose his

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own set of priorities on society; but is this not a very good brief characterization of tyranny? But what is his alternative? Should he shrink from dictatorship, he is left with a riot of clashing values. "Black spirits and white/Blue spirits and grey/Mingle, mingle/mingle."

The bulk of *The Road to Serfdom* consists of an account of how Nazism arose from ideas common in the German socialist movement; in it Hayek shows in careful detail that the attempt to plan society negates freedom.

Hayek's analysis rests on a controversial premise. For his argument to work, it must not be the case that reason dictates a common set of values that most people readily grasp. If it does, then the planner may avoid the dilemma in which Hayek endeavors to place him. Since almost everyone will, if reasonable, agree on values, the planner need not impose his own preferences on an unwilling populace.

By the way, Hayek's argument, contrary to my mistaken belief for many years, does not depend on the assumption that there are no objective values. These can coexist on entirely good terms with his argument so long as people cannot readily grasp them. Failing this, preferences will still conflict without hope of resolution. (I forego discussion of the bizarre possibility that people universally come to agree on values that are *not* objectively true: this of course also suffices to avoid Hayek's dilemma.)

Hayek's argument, contrary to my mistaken belief for many years, does not depend on the assumption that there are no objective values.

To discuss ethical objectivity would of course take us far afield: readers may now breathe a sigh of relief that I won't do so. Rather, I mention the premise for another reason. Shearmur himself argues that there are objectively true values on which people can rationally come to agree. Does not the position land him in difficulty? How can he at the same time accept this position and also endorse Hayek's argument, which appears to rest on its denial?

I do not suggest that Shearmur lacks the resources to respond. He might, for example, contend that just what can be established as objectively valuable is that people be free, in a wide variety of circumstances, to exercise their subjective preferences. Indeed, it is clear from his discussion that he would indeed say this. But he ought I think to have addressed explicitly the apparent contradiction in his position.

Let us now return from Shearmur to Hayek. If our author's account of Hayek's argument in *The Road to Serfdom* is correct, Hayek seems to have fulfilled the task he set himself. He aimed to show that socialism subverts the values at which it ostensibly aims,

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and he appears to have done so. Should we then declare the Hayekian research program a success?

Not so fast, our author says. Hayek has *not* shown that the unhampered free market is required by sound political theory. Socialism, we have seen, is out; but what about the welfare state? Is it not possible, for all Hayek's argument has shown, to proceed with Social Security, Medicare, antitrust, safety regulation, and the whole paraphernalia of interventionism? Do these measures demand the unified scale of values that Hayek maintains leads to serfdom? Why do they require more than the concurrence of a democratic majority to institute?

As Shearmur acknowledges, Hayek did not in fact support the free market to the extent that Mises did.

If Hayek's program is to be declared a success, then, he needs to finish the job. He must extend his argument so that it applies to welfarism, in addition to full-scale socialism. Or must he? As Shearmur recognizes, a problem confronts his analysis. He thinks that Hayek's argument is incomplete because it does not by itself lead to support for the free market. But this assumes that Hayek was trying to defend an unhampered market: otherwise, his argument does not fail on his own terms.

As Shearmur acknowledges, Hayek did not in fact support the free market to the extent that Mises did. "Hayek is not an advocate of *laissez-faire*; he is not averse to government playing a considerable role; for example, in the area of the provision of public goods, in assisting with the smooth running of the market order, and also in meeting welfare needs." "In the light of the active role that he gives to government in *The Road to Serfdom*, one might wonder about the extent to which he can be described as a classical liberal there" (p. 63).

Shearmur's query should occasion little shock for any reader of *The Constitution of Liberty*, where Hayek's program for interventionism is presented in detail. One little-noticed passage there merits particular attention. Although Hayek thinks that the Supreme Court probably averted economic disaster by ruling unconstitutional the National Industrial Recovery Act, he also maintains that the Court acted on "more questionable" grounds in overturning other New Deal measures (*The Constitution of Liberty*, Chicago, 1960, p. 190). Hayek as moderate New Dealer?

Is, then, Shearmur's claim misplaced? Is he wrong to contend that Hayek's argument is incomplete, since Hayek does not claim to advocate the unhampered market? Shearmur refuses to concede defeat. In spite of his early sympathy for socialist values, Hayek became considerably more classical liberal later in his life; were a "rule of law" of the type he founded put into effect, much of the contemporary welfare state would have to be

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dismantled. And in any case, those of us, like Shearmur, more sympathetic to *laissez-faire* than Hayek may wonder whether Hayek's research program can be extended along the suggested lines.

Before turning to Shearmur's analysis of the attempt to extend Hayek's argument, we must confront a surprising omission. Shearmur seeks an argument against interventionism; but has not the mission already been accomplished? Mises famously contended that all interventionist measures fail of their purpose.

In his effort to defend a more-or-less classical liberal society, Hayek increasingly turned to evolutionary considerations.

Confronted with failure, the government must either retreat to the free market or proceed apace with more intervention. If it chooses the latter path, the same options will confront it again. Eventually, should it continue to elect intervention, the result will be full-scale socialism. But socialism has already been rejected. Since intervention, consistently carried through, leads to this unacceptable result, it too stands refuted.

Shearmur makes no mention of Mises's argument, or of the brilliant extension of that argument in Murray Rothbard's *Power and Market*. From conversations with the author some years ago, I suspect that he rejects the Mises-Rothbard analysis and for this reason does not bring it up. But it would have been interesting to see his objections: absent this, I fear that we must declare Shearmur's own research program too incomplete fully to evaluate.

Once more back to Hayek. In his effort to defend a more-or-less classical liberal society, Hayek increasingly turned to evolutionary considerations. Spontaneous orders, not governed by a conscious plan, can support larger populations than alternative forms of social organization. They will thus tend to supplant their more interventionist rivals and they fully deserve to do so.

Shearmur has little patience for Hayek's variety of Social Darwinism. Shearmur, heavily influenced by Popper, places much greater weight on conscious planning than does Hayek. Though the social policies Shearmur supports differ greatly from Popper's "piecemeal social engineering," Shearmur and his mentor share a rationalist cast of mind.

In his analysis of Hayek's evolutionist thought, Shearmur makes some very useful points. Hayek rightly calls the free market a spontaneous order, in the sense that no central plan controls its operation. But it does not follow that the market has to be established by a process of evolution, or that it is somehow better if it is. "At a theoretical level, it is also clear that Hayek's conservative enthusiasm for things evolved cannot be sustained" (p. 108). The products of evolution may be either good or bad, a commonplace Hayek often overlooked.

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Furthermore, Hayek's method of judging societies has little to recommend it. Why should the society that can support the most people be held the most valuable? Shearmur amusingly terms this criterion "Hayek's revision of Bentham (from the Greatest Happiness of the Greatest Number to The Greatest Number)" (p. 174). Shearmur in conclusion finds the main lines of Hayek's later work mistaken. Though he finds much of value in Hayek, his program cannot be developed along the lines Hayek himself set out. ✦

Nationalize Education and Other Libertarian Ideas

WHAT IT MEANS TO BE A LIBERTARIAN: A PERSONAL INTERPRETATION
Charles Murray
Broadway Books, 1997, xiii + 178 pgs.

Unless you agree with Emerson that a foolish consistency is the hobgoblin of small minds, you will find little in this ill-thought-out book to like. Ostensibly a brief introduction to libertarianism, Murray's book fuses contradictory principles in an unstable amalgam. The result, disclosed in the work's lengthiest section, "How It Would Work," is warmed-over statism.

Our author begins auspiciously. He tells us that "each person owns himself" (p. 6). Accordingly, it "is wrong for me to use force against you, because it violates your right to the control of your person.... *In a free society individuals may not initiate the use of force against any other individual or group*" (p. 6).

Not even the strictest libertarian could object: these sentences might have come right from Rothbard. (Oddly, Rothbard's name appears only once: he is among those important libertarians "I haven't even mentioned" [p. 172].)

Trouble enters the scene almost at once. Murray thinks it a proper function of government to supply public goods. These he first characterizes in the way standard in economics: they cannot be provided selectively to individuals and consumption of the good by one person does not prevent others from consuming as well. Our author recognizes that the "strictest libertarians" dissent from his view that government should supply these goods. But he thinks it within the bounds of classical liberalism to allow government to provide them.

Murray's point may readily be granted. Some classical liberals, e.g., Hayek and Friedman, do indeed support a public goods rationale for governments to act. But our author passes by the difficulty that stares him in the face. According to the principles he has set forward, government lacks any justification for coercing individuals to pay for public goods. To take money from someone against his will, even to provide a good with the magical properties of nonexclusivity and jointness of consumption, contradicts self-ownership. Either an exchange is voluntary or it is not. *Tertium non datur.*

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My criticism should not be misunderstood. I have not assumed that "pure" libertarianism is true and on that basis cast Murray into outer darkness for heresy. Rather, I have here confined myself to noting a contradiction. Contrary to Murray, you cannot get anywhere in political philosophy by tacking on to the principle of noncoercion a view at odds with it.

A sympathizer with Murray has endeavored to come to our author's aid. (Murray himself stands unaware of his predicament.) His commitment to self-ownership and non-aggression is no more than a "rule of thumb": thus he can consistently support voluntary exchange overall but allow a few exceptions. This "solution," though, generates a problem of its own.

Where is Murray's argument for even a single case of a good the market cannot supply?

On what basis does one make exceptions to the rule of thumb? Are we to presume some utilitarian framework, in which recognition of self-ownership usually, but not invariably, promotes welfare? We are not told. Besides, the suggested rescue has no support in Murray's text.

Unfortunately, Murray's confusions have by no means ended. He acknowledges that appeal to public goods can mask massive government intervention. To limit the danger from this score, he suggests three test questions to help stop the "slippery slope" to government control of the economy: "Is the good something that cannot be provided by individuals on their own? Am I asking my neighbor to pay for a government service that he doesn't want? Am I asking my neighbor to pay for a government service that benefits me, or people whom I favor, more than it benefits him" (p. 13, emphasis omitted)?

These questions strike me as excellent. But Murray regrettably fails to notice that no public good passes their scrutiny. The standard argument for governmental provision of public goods claims that the market undersupplies them, not that it cannot supply the goods at all. Where is Murray's argument for even a single case of a good the market cannot supply? And what does Murray mean by "individuals on their own"? Does this include voluntary agreements to pay for public goods? If it does, Murray has given us no reason to think that these agreements must be supplemented by government action. If the phrase does not include these agreements, why not?

Murray's second and third questions pose even more serious problems for public goods. They succeed entirely in stopping the "slippery slope" to intervention: but is Murray willing to pay the price? *Every* instance of compulsory taxation compels someone to pay for a government service he does not want. And what public good benefits even all those who want it equally? Had Murray devoted even the slightest attention to

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what his questions imply, he would have seen that his whole discussion is pointless. He allows the government to provide public goods—under conditions that cannot be satisfied.

Perhaps, though, Murray has an escape. My attempt to trap Murray in contradiction rests on an unstated assumption. I took him to mean that a good that fails any of his three questions ought not to be supplied by the government. But perhaps he does not mean this. He *may* mean only that negative responses to his queries count against the public provision of the good: they do not at once block it. If he means this, though, he has given us no usable criteria. How much do negative answers count? He does not tell us. He leaves us in confusion and the slippery slope remains unstopped.

As my readers will know, I cannot leave a bad thing alone. Murray, not one to disappoint, gets worse. He includes education as a public good the government is to supply. "An activity may legitimately be treated as a public good when individuals are called on to do things that benefit the whole community. For example, a democracy cannot function without an educated electorate. The cost of providing an educated electorate should be spread over all those who benefit, which means initially everyone who lives in a democracy" (pp. 11–12).

In Wolfgang Pauli's phrase, this is so bad it's not even wrong. Individuals themselves benefit economically from education, since education correlates positively with income. To the extent that individuals gain benefits from the education that they themselves (or their families) finance, education is *not* a public good. At most, Murray's argument applies to *extra* benefits—from having an educated electorate—than those individuals themselves secure from education.

But has Murray shown that these benefits mandate a greater supply of education than the market supplies? He makes not the slightest attempt to do so. Even if an educated electorate is desirable, it does not follow that the more education, the better. Would democracy (conceding for the moment that this is good) benefit if everyone had a doctorate? Given the existence of limits, then, why not assume that the benefits of education for democracy arise in sufficient quantity as a side effect of individual spending?

Oddly enough, Murray himself at one point recognizes the issue: "Education is a public good insofar as an educated electorate is essential for a democracy to function. But that doesn't necessarily mean that public financing is needed. Some extremely high proportion of children would be educated even if the government got out of the education business altogether. As this proportion approaches 100 percent, the public good justification goes to zero. Furthermore, there is good reason to think that the proportion would be close to 100 percent" (p. 95).

I cannot offhand recall another case in which an author has so thoroughly demolished his own argument. Murray, faced with disaster, presses bravely on: "But we cannot know precisely what proportion of children would go to school, and the prospect of any children at all without access to education is troubling"

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(p. 96). And so education *is* a public good, requiring government provision. And if you don't follow that "logic," you are no doubt a dread libertarian "purist."

And Murray's argument stands vulnerable at another point. *Why* is an educated electorate needed for a democracy? A democracy governs by majority vote: it is not a requirement of that system that the voters be educated.

I cannot offhand recall another case in which an author has so thoroughly demolished his own argument.

The response to this objection is obvious. No doubt the formal requirements of democracy may be fulfilled by an ignorant electorate; but for a democracy to run well, its citizens must be able to deliberate in an informed way on political issues. Lacking education, they cannot do so.

This reply serves only to expose a more fundamental misconception in Murray's account. Why, in a libertarian society, do we need a democracy that runs well in the sense just described? To debate important political issues in a society, there must *be* important political issues. But just what libertarianism does is to evacuate the political sphere, leaving all essential matters to the voluntary acts of individuals. A libertarian society does not require an educated electorate—or even, I would hazard, an electorate at all. Murray wishes inconsistently to fuse libertarianism with an opposed political system.

Murray's mistake is no mere theoretical lapse. Because he thinks education a public good, he calls for massive government spending on its behalf: "My own preference is to end all state financing. Parents of every school-age child would be given a chit worth a certain sum of money that they could take to any school they wanted.... How big should the voucher be? About $3,000 a year seems right, though the amount is open to discussion" (p. 96). Thus in Murray's "classical liberal" world, the federal government engages in redistribution on a scale that dwarfs the New Deal.

What if the subsidy fails to achieve its goal? What if citizens remain insufficiently educated for democracy? Murray is undaunted: "If $3,000 turned out to be too low to achieve the desired effects, it could be increased. The nation currently spends about $6,000 a year on each pupil attending the public system, giving considerable room to fine-tune the size of the voucher without increasing total spending on schools" (p. 97). If enormous federal spending does not work, the solution is obvious: more federal spending. How libertarian!

I am not sure why Murray claims that total spending will not increase. Under his system, local communities could add even further to the tax burden: "The locality could augment the school budget with tax dollars, spending as much money per pupil as it wished" (p. 96).

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I know what suspicious readers are thinking. With my customary unfairness, I have concentrated on Murray's weakest area. The accusation is, of course, true. But education does not stand alone: our author offers evidence elsewhere that his "libertarianism" is bogus.

Environmental issues are not, in Murray's world, to be left to the free market, under a system of well-defined property rights. Why not? You guessed it—public goods. "The transaction costs of solving the problem [of air pollution] through common law become so high that the tort solution no longer works.... The protection of the clean air has become an authentic public good, and under these circumstances government legitimately acts as a forum for deciding how clean is clean enough and for crafting legislation to produce the desired result" (p. 115).

If enormous federal spending does not work, the solution is obvious: more federal spending. How libertarian!

Murray once again jumps too fast from public goods to government intervention. Has he heard of market solutions to public goods problems? What has happened to Ronald Coase? Had our author paid attention to Rothbard, he could not have so readily cast aside the common-law approach. Once more our supposed libertarian author has labeled a statist proposal libertarian.

But I risk being unfair to Mr. Murray once more. His deviations from the free market by no means stem entirely from his misguided embrace of public goods. "Natural monopolies represent a reason why something not technically a public good may justify government action" (p. 14). Murray recognizes, commendably, that natural monopolies do not require such action: they only allow it as an alternative. Sadly, he neglects to tell us why the existence of a single seller generates a problem. Is it that the monopolist may charge a monopoly price? Murray does not inform us: we are apparently supposed to see immediately that a single seller creates trouble. I fear that Murray's mind races too fast for me: I should like the steps of his argument set out.

Further, Murray leaves unmentioned a crucial area. As Randolph Bourne long ago noted, "war is the health of the state," and military buildups have often undermined free societies. Murray says nothing about foreign policy. Does he support a non-interventionist position, or may the non-aggression principle be cast aside in the name of "defense"? He does not tell us.

Again the charge of unfairness may be pressed against me. Murray favors the abolition of a host of government programs and regulations, not least among them Social Security and Medicare. Does he not deserve credit for his boldness? Instead, I have damned him as a statist.

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The indictment does not lack substance, but I cannot think that Murray's support for free-market measures contributes much to the cause. His principal mode of argument relies on "trendlines." He examines the statistical trend in problems that government is alleged to have helped solve. In each case, he claims, government has had either little effect or an effect in the wrong direction.

"Among trendlines involving social indicators—crime, the family, community, education, welfare—deterioration has been the rule and improvement is the exception. Among trendlines involving safety and health by far the most common result is...nothing. Whatever was happening before the government got involved continued to happen after the government got involved" (p. 50).

But, contrary to Murray's apparent assumption, statistical evidence does not speak for itself. It demands interpretation using theory. Would the trend toward reduction in poverty have gone on without Johnson's War on Poverty? The drawing of a chart does not suffice to show this: perhaps the trend would have changed without the War. I hasten to add that I do not endorse the War on Poverty, but to refute it one needs to do more than draw a picture.

As in his earlier tome, *In Pursuit*, Murray harps on the ineffectiveness of the fifty-five mile per hour speed limit in saving lives. Why does he do so? This is no libertarian issue: roads ought to be made private, but their owners would remain free to impose safety regulations as they wish. Why, given the existence of public roads, can the government not do likewise? But Murray's comments on the highway fatality statistics nevertheless are valuable. You see? I'm not unfair to him at all. ✦

Inside Scalia's Mind

A MATTER OF INTERPRETATION: FEDERAL COURTS AND THE LAW
Antonin Scalia *et al.*
Princeton University Press, 1997,
xiii + 159 pgs.

This is much more than a book: it is a confrontation. It consists of a lecture on constitutional interpretation delivered at Princeton University by Justice Scalia of the Supreme Court; comments on the lecture by Gordon Wood, Lawrence Tribe, Mary Ann Glendon, and Ronald Dworkin; and replies by Scalia to his critics. The exchange between Scalia, on the one hand, and Dworkin, on the other, exposes to view two sharply contrasting ways of looking at the Constitution.

Justice Scalia's principal contention will surprise few conservatives: the Supreme Court has since World War II interpreted the Constitution to promote the social ends its members think desirable. In doing so, the Court pays scant attention to the meaning of the Constitution's text. "The ascendant school of constitutional interpretation affirms the existence of what is

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called The Living Constitution, a body of law that (unlike normal statutes) grows and changes from age to age, in order to meet the needs of a changing society. And it is the judges who determine those needs and 'find' that changing law" (p. 38).

The basic objection to this method of interpretation is straightforward. Why should it be up to the Supreme Court (or the entire judicial branch) to delimit the basic goals of American society? Is this not a task for the people themselves? To think otherwise substitutes judicial dictatorship for democratic decision. Neither is it the case, as proponents of the conventional wisdom claim, that the Supreme Court's forays in creative jurisprudence are needed to preserve civil liberties from the depredations of an unchecked legislature.

What can those with an "Impeach Earl Warren" sticker in their attics learn from this book?

The "record of history refutes the proposition that the evolving Constitution will invariably enlarge individual rights. The most obvious refutation is the modern Court's limitations of the constitutional protections afforded to property. The provision prohibiting impairment of the obligation of contracts," writes Scalia "has been gutted" (p. 43).

Scalia's case remains largely intact even if one does not share his enthusiasm for democracy. Suppose one believes that fixed moral rules (to pick an example not at random, the self-ownership principle) rigidly limit the competence of democratic legislatures, Scalia's question has all the more pertinence: why should a small body of judges rule over us as it thinks best?

At this point, I fear, many readers will nod, not in agreement, but in sleep. Haven't we heard this all before? What can those with an "Impeach Earl Warren" sticker in their attics learn from this book?

Actually, quite a lot. Scalia, far from being a conventional modern-Supreme-Court hater, introduces several new twists in his analysis of the Court. For one thing, he ascribes free-wheeling Constitutional interpretation to a surprising source—the use of common-law methods of reasoning.

Scalia adopts a view of the common law made famous by Oliver Wendell Holmes. The common-law judge, faced with a new case, does not decide according to fixed principles that strictly determine his results. Quite the contrary, he weighs conflicting considerations as his sense of equity dictates. The judge does not apply existing law: he creates new law.

But does not this picture ignore a crucial fact? Judges are bound by precedent; they cannot create new law as they please. Has Scalia even heard of *stare decisis*?

Of course he knows the role of precedent full well, and he has ready a response to this objection. Judges are

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experts in "distinguishing cases": they know how to use analogies and disanalogies between cases so that only the precedents they want to apply to the issue at hand will do so.

Scalia does not reject common-law reasoning. To the contrary, he regards its methods as providing some of the main intellectual excitement of the law. But it must be kept in its proper place. When a judge interprets a statute, matters are entirely different. Here, the judge *is* bound by fixed canons of construction. He must endeavor to interpret the law as written, not apply his own standards of appropriateness.

Precisely the problem of modern Constitutional interpretation, Scalia thinks, is that judges use common-law methods, not those of statutory construction, when they address constitutional issues. As he sees it, a common-law court is a miniature Warren Court.

Scalia's view of the common law will strike readers of Friedrich Hayek and Bruno Leoni as surprising. These writers hold that common law is discovered, not made; to them, the common law is a source of stability. But, in an odd way, whether Scalia is right about common law really does not matter, so far as his criticism of the modern Supreme Court is concerned. Whether he has located correctly the source of the aberrant methods of interpretation, his assault on those methods remains effective.

Another of Scalia's contentions will strike conventional conservatives as even more surprising. Usually, opponents of the Court call for a return to original intent. Not the wishes of the modern Court, but rather the intent of the framers of the Constitution, ought to prevail. Conservative analysts of the law, e.g. Raoul Berger and M.E. Bradford, have devoted considerable attention to the questions: exactly whose intentions are relevant to interpretation? Bradford argues powerfully that it is the intentions of those who ratified the Constitution, not the authors of the document, which have primacy of place. To a Bradfordian, the debates at the state conventions that adopted the Constitution are of key importance.

Scalia finds this approach entirely without merit. "The evidence suggests that [in statutory interpretation] we do not really look for subjective legislative intent. We look for a sort of 'objectified' intent—the intent that a reasonable person would gather from the text of the law, placed alongside

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the remainder of the *corpus juris*.... It is the *law* that governs, not the intent of the lawgiver" (p. 17).

Readers might again be tempted to doze off. Just what most proponents of original intent mean is that judges should interpret the law as written. Whether one calls this "intent" is a semantic issue of relevance to legal philosophers, but no one else. Who cares?

Scalia finds the Bradfordian approach entirely without merit.

This reaction ought to be resisted; Scalia's view has drastic practical implications. Scalia refuses to consider the views of the Constitution's framers, except to the extent they indicate common usage. "I will consult the writings of some men who happened to be delegates to the Constitutional Convention—Hamilton's and Madison's writings in *The Federalist*, for example. I do so, however, not because they were Framers and therefore their intent is authoritative and must be the law; but rather because their writings, like those of other intelligent and informed people of the time, display how the text of the Constitution was originally understood" (p. 38).

Scalia seems to me to go overboard here. If by "intent" he means what the legislator hoped to accomplish by enacting a law, he is entirely correct that intent does not govern law. If the authors of the Second Amendment guaranteed the right to keep and bear arms in order to promote state militias, it does not follow that people have that right only as far as the need of the militia require. What the amendment enacts is the right in question, not its purpose. But because text and intent are different concepts, it does not follow that they should be viewed in nearly complete independence. Often intent provides indispensable guidance to understanding the text. Those who think otherwise might peruse with profit Raoul Berger on the Fourteenth Amendment.

Ronald Dworkin, a leftist legal philosopher of formidable intellect and even more formidable ego, agrees with Scalia that judges should interpret the Constitution as written. But his agreement does not imply that he has switched sides and become a judicial conservative. Far from it.

Just what the Constitution enacts in many of its provisions, according to Dworkin, are broad abstract principles to be filled in by later generations. His response to those who charge leftists with judicial usurpation is, in effect "what you call usurpations really are not. True, judges interpret the Constitution according to moral principles they hold correct. But this is what the Framers intended them to do." Dworkin thus contends, in Orwellian fashion, that judicial "creativity" is really a variety of originalism. However much it goes against the grain, one must concede that Dworkin's position is not self-contradictory. It is only false.

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Lawrence Tribe, like Dworkin, is a leading judicial liberal, but at least he avows more honestly what he is about. Refusing to hide behind the mask of "true originalism," he maintains that the court should treat key parts of the Constitution as "aspirational." They state goals that judges of later eras must spell out explicitly.

Tribe opposes original intent with two arguments, both without merit. First, the Constitution does not explicitly state that it is to be interpreted according to the original meaning of the text; and if it did, an infinite regress would result. Further, the appeal to original meaning fails because of "transtemporality." What the Framers meant may differ greatly from what those who proposed later amendments had in mind. Whose intentions are to prevail?

Tribe thinks himself a legal philosopher; and the first argument is just the sort of pseudo-profundity in which he specializes. To resort to original intent is simple common sense: it does not need to be explicitly stated in the document. And if it were, an infinite regress would ensue only if one persisted in applying irrational ways of reading. "Transtemporality" may pose a problem, or it may not; you have to look at particular cases. Tribe's "argument" establishes no *general* difficulty for original intent.

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So much for our two great liberal legal thinkers, and Scalia disposes of them without difficulty in his response. Mary Ann Glendon maintains that European constitutional courts use more reasonable methods of interpretation than our own Supreme Court, a view Scalia does not dispute. Gordon Wood finds activist judges more entrenched in our history than Scalia imagines. But his historical points largely leave current disputes untouched.

The real battle in this book, then, takes place between Scalia, on the one hand, and Dworkin and Tribe on the other. Though Scalia draws what to my mind is an overly sharp distinction between textual meaning and original intent, he remains always on the right side of reason. I cannot say as much for his opponents. ✦

Puzzles for Economists

ESSAYS ON CAPITAL AND INTEREST: AN AUSTRIAN PERSPECTIVE
Israel M. Kirzner
Edward Elgar, 1996, viii + 166 pgs.

Israel Kirzner has achieved greatest renown as an Austrian economist for his work on entrepreneurship. But he is also a distinguished capital theorist; the present volume usefully collects several of Kirzner's essays in this field, most notably his 1966 "An Essay on Capital."

A central theme stands out in Kirzner's essays. For Austrians, capital is

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not a disembodied abstraction. Instead, the decision to invest in capital goods must always be traced to individual actions. The significance of capital is not its "physical characteristics or physical history" (p. 44), but its ability to allow individuals to more readily realize their plans. This characteristic proves much more illuminating than the classical notion of capital as "produced means of production."

In the high point of the book, Kirzner deploys his thesis to great effect in criticism of the capital theory of Frank Knight. According to Knight, capital, like Topsy, "just growed." It is a self-perpetuating fund, which replenishes itself as if by magic.

Kirzner maintains that the examples of reswitching rest on a dubious premise.

Kirzner will have none of this. Knight's fanciful notion of permanent capital merely reflects the undoubted fact that if a decision is made constantly to replace used-up capital goods, these goods will be maintained indefinitely. But Knight fails to see that there is nothing automatic about the decision to replace a capital good.

As always, the individual actor is primary, and his decision to replace a capital good is far from automatic. Kirzner dismisses Knight's fantasy of "Crusonia," an economy in which all capital is derived from a perpetually growing plant, as useless for understanding how capital functions in the real world.

Kirzner's demolition of Knight is first-rate. But at times in the present work he advances views that strike me as puzzling or mistaken. Though our author is a devout disciple of Mises, he unfortunately does not resemble the great Austrian in clarity of writing. Rather, he appears to have adopted the clotted style of David Ricardo as a model; and his remarks often prove difficult to elucidate.

A prime example occurs in Kirzner's defense of the pure time preference theory of interest. Incidentally, though our author rightly sees that this theory is central to Mises's thought, he does not expound it in the precise form held by Mises. He writes: "This theory solves the interest problem by appeal to widespread (possibly universal) positive time preference" (pp. 137-38). For Mises, time preference is an *a priori* category of action.

But this is not the issue that I find puzzling: if Kirzner retreats from Mises's *ipsissima verba*, that is his own affair. Rather, the problem on which I wish to focus arises from Kirzner's comments on a rival theory of interest. As he rightly notes, the pure time preference theory differs entirely from the view that ascribes interest to the productivity of waiting. In this view, waiting is a productive input that commands a price.

One might expect Kirzner to challenge the rival theory; but he fails to

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do so. He remarks: "As a matter of logic, the Fisher productivity-of-waiting theory deals with the interest problem" in "an impeccable manner. The only way through which the validity of the productivity-of-waiting view (at least as we have presented it thus far) can be challenged, is by disagreeing with the concept of 'waiting' as a productive factor service" (p. 136).

Very well then: one would now expect Kirzner to show why waiting is not a productive factor service. He begins by delimiting the field of inquiry: the dispute between the pure time preference view and its rival is "strictly a non-economic 'philosophic' one" (p. 137).

Kirzner's treatment of reswitching strikes me as suggestive but inconclusive.

Now comes the surprise. Kirzner does *not* argue in favor of the philosophic view of time which he believes lies at the base of the Austrian position. He confines himself to declaring the pure time preference view a possible option. By the close of his discussion, he claims to have "shown that PTPT refusal to recognize any physical productivity role in the explanation for the existence of interest income, rests on (the *admittedly arbitrary*) view that time and waiting are not to be seen as productive agents" (p. 152, emphasis added).

If Kirzner's conclusions do not go very far, he displays one contrasting intellectual virtue: he tackles the most difficult questions in capital theory. Among these stands that nerve-wracking conundrum, the reswitching controversy. According to the Austrian theory of capital, lowering the rate of interest leads to longer, more roundabout methods of production.

But sometimes, it is alleged, "capital reversal" may occur. In such a case, lower interest induces the capitalist to switch to a shorter, less capital-intensive technique. Pierro Sraffa, Joan Robinson, and other neo-Ricardians used examples of this sort to assault the neoclassical theory of capital; but, as Kirzner rightly notes, they threaten the Austrian view as well for the reason we have seen.

A formidable challenge. Kirzner maintains that the examples of reswitching rest on a dubious premise. They assume that "each technique of production involves a simple, unidimensional 'quantity' of time" (p. 9). But this premise cannot stand. "The cases that yield the capital-reversing paradoxes all arise from production processes involving more or less complex dating patterns for inputs and outputs" (p. 9). These complex patterns cannot readily be unified into a single quantity: hence the crucial premise on which reswitching depends collapses.

Kirzner's treatment strikes me as suggestive but inconclusive. Suppose that every case of reswitching involves a complex pattern of dating. (Must this be true or does this arise from the choice of example?) Does it follow that we can never say that one complex

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pattern takes less time than another? I do not see that it does.

He escapes criticism if his point is only that the reswitching advocates have not proved that one complex pattern *can* be ranked as longer than another. But, as with the pure time preference theory, he has arrived at a *very* modest defense of the standard Austrian view.

If Kirzner is right, neo-Ricardians can no longer claim that the Austrian view fails because lower interest may lead to a shorter production technique. But neither can Austrians claim that lower interest always leads to more roundabout methods of production. Kirzner's point, if valid, tells against *both* Sraffa and Mises. "Unreconstructed" Austrians should not rush uncritically to embrace it.

From the onset of his long career, Professor Kirzner has been alert to the normative dimension of economic theory.

From the onset of his long career, Professor Kirzner has been alert to the normative dimension of economic theory. Even if one agrees with Hume that an "is" does not logically imply an "ought," surely judgments of fact are often very relevant to value judgments. If you know that a glass contains poison, you have a very good reason not to offer it as a drink to a passing stranger.

To Kirzner, the pure time preference theory of interest has just this sort of normative relevance. Opponents of the free market often condemn interest as unjustified by considerations of efficiency. By contrast, neoclassicals defend interest as the reward to a productive service.

Market sympathizers who are inclined to think that the Cambridge critics of capitalism have the better of the neoclassicals may find solace, Kirzner thinks, in the pure time preference theory of interest. Austrians agree that interest does not constitute a productivity return. "On the other hand, PTPT very definitely sees market interest as expressing a market-determined rate of intertemporal exchange" (p. 151). A defender of capitalism can thus use the pure time preference account to justify interest without assuming that it rewards productivity.

Here, once more, I am puzzled as to how much Kirzner's point shows. Certainly, there is something to it: but why must an opponent of capitalism accept that capitalists should derive financial gain because time preference exists? If he thinks that only productivity justifies income, he will remain unconvinced. If, however, he condemns interest not because it is unproductive, but because he thinks it fulfills no function, then Kirzner's point may indeed induce a change of heart. Like much in this book, this is a modest result, but not for all that, without value.[1] ✦

[1] I wish that Professor Kirzner would avoid the phrase "point in time," which he frequently uses. What work does "point in" do?

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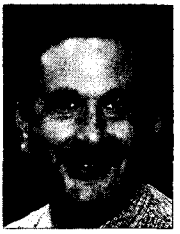
David Gordon, who writes *The Mises Review*, is a senior fellow at the Ludwig von Mises Institute. He was educated at UCLA, where he earned his PhD in intellectual history, and is the author of *Resurrecting Marx: The Analytical Marxists on Exploitation, Freedom, and Justice*; *The Philosophical Origins of Austrian Economics;* and *Critics of Marx*. He is also co-editor of H.B. Acton's *Morals of Markets and Other Essays* and a contributor to such journals as *Analysis*, *The International Philosophic Quarterly*, *The Journal of Libertarian Studies*, and book review editor for *The Review of Austrian Economics*.



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